

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 SCEM-02 INT-08 L-03 H-03 DODE-00 PA-04 PRS-01

USIA-15 AGR-20 DRC-01 /194 W
----- 090805

P R 262100Z OCT 73

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC PRIORITY 5546

INFO AMEMBASSY GUATEMALA WPPE

LIMITED OFFICIAL USE TEGUCIGALPA 4035

EO 11652: NA

TAGS: ENRG, HO

SUBJECT: PETROLEUM SUPPLY THREATENED

REF: TEGUCIGALPA 3612

1. TEXACO REFINERY MANAGER WALLACE MCDONALD ADVISED ECON OFFICER PLANT WILL REDUCE CRUDE THROUGHPUT TO 1972 LEVELS, A 10 PERCENT REDUCTION, BEGINNING NOVEMBER 1. ACTION COMMUNICATED TO MINECON BENNATON OCTOBER 17 AND MEETING SCHEDULED OCTOBER 27 BETWEEN TEXACO AND GOH.

2. REFINERY CAPACITY 12-13,000 BARRELS PER DAY. OUTPUT COMPLETELY SUPPLIES HONDURAN MARKET WITH APPROXIMATELY 4,000 BARRELS PER DAY FUEL OIL EXPORTED. TEA KETTLE REFINERY HAS NO FLEXIBILITY TO UPGRADE FUEL OIL TO MORE NOBLE PRODUCTS.

3. TEXACO ACTION BASED ON CRUDE INPUT PRICE INCREASES,
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RECENTLY RUNNING AT 50 PERCENT PER BARREL PER MONTH BUT

EXPECTED TO SHARPLY INCREASE NOVEMBER 1. MCDONALD STATES
REDUCTION OF THROUGHPUT IS TO SQUEEZE GOH AND FORCE
RESPONSE TO OBJECTIVE PRICE CONDITIONS.

4. EXACO SEEKING FORMULA WHICH WILL PROVIDE FOR THREE
FACTORS: RETURN ON INVESTMENT, COST OF REFINERY
OPERATION, COST OF CRUDE (\$5.33 PER BARREL FOB
VENEZUELA IN OCTOBER). MCDONALD NOT ANTICIPATING A
DECISIVE MEETING OCTOBER 27 DUE TO PAST EXPERIENCE
INTRANSIGENCE GOH ON PETROLEUM CRISIS, HOWEVER HE DOES
NOT EXPECT TO YIELD ON 1 NOVEMBER 10 PERCENT CUTBACK
INTENTION.

5. COMMENT: EMBASSY BELIEVES GOH BLITHLY IGNORING
WORLD PETROLEUM DEVELOPMENTS AND POSSIBILITY THAT
PETROLEUM PRO-RATIONING BY SUPPLIERS MAY OCCUR IN
IMMEDIATE FUTURE EVEN FOR CUSTOMERS WILLING TO PAY
DEMANDED PRICES. EMBASSY WILL SEEK TO MAKE THIS POINT
WITH APPROPRIATE OFFICIALS BUT IS NOT SEEKING (NOR HAS
IT BEEN REQUESTED) TO PRESENT ANY CASE FOR REFINERY.
SANCHEZ

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Message Attributes

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